

## Standardizing Generator Interconnection Agreements and Procedures

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Office of Markets, Tariffs and Rates

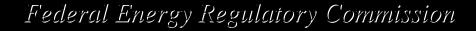
NARUC 113<sup>th</sup> Annual Convention

November 13, 2001



#### The Problem...

- Competition has spurred an increase in new generation, especially merchant plants
- Interconnection not addressed in Order No. 888
- Commission has stated that interconnection is part of open access transmission service
- But interconnection is separate from delivery





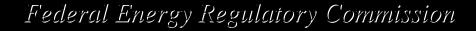
## A Two-Step Solution...

- The real problem is lack of standardization
- First step: Standardize interconnection procedures and agreements
- Second step: Reexamine pricing and cost responsibility rules



# Advance Notice of Proposed Rulemaking (ANOPR)

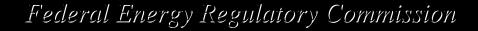
- Issued Oct. 25 in Docket No. RM02-1
- Offers ERCOT model, supplemented by "best practices," as a strawman proposal
- Encourages interested persons to pursue a consensus





### The Schedule...

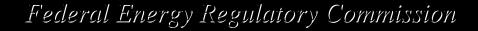
- Participants file single document by 12/14
- Include consensus issues, plus pros and cons on other issues
- Other comments can be filed by 12/21
- NOPR will be issued in January





#### The Process...

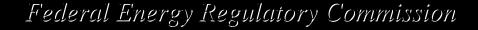
- Meetings being held 2-3 days per week
- Plenary sessions and private caucuses facilitated by FERC's Dispute Resolution Service
- Additional communication by interactive website
- Drafting is done as consensus is reached





# Upcoming Meetings...

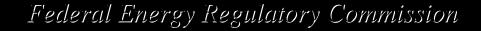
- Nov. 14-15 at FERC Headquarters
  - Queuing, milestones, dispute resolution, etc.
- Nov. 26 at Denver
  - Process group and general administration
- Nov. 27 at Denver
  - Facility defns., time lines, 3<sup>rd</sup> party construction, etc.





# Upcoming Meetings (cont.)

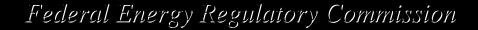
- Nov. 28 at Denver
  - Ancillary/auxiliary services
- Dec. 4 at FERC Headquarters
  - Taxes, indemnification, RTO transition, etc.
- Dec. 5-6 at FERC Headquarters
  - Loop back to unresolved issues





## Upcoming Meetings (cont.)

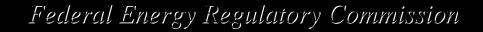
- Dec. 10-14 at FERC Headquarters
  - Drafting of the final document





### Additional Guidance...

- Order on "Electricity Market Design and Structure" issued Nov. 7 (Docket No. RM01-12)
- States that Interconnection Pricing NOPR will be issued in April 2002
- Initially, RTOs must follow same interconnection policies that apply to other TOs



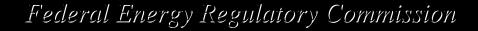


### "Best Practices"

ANOPR (Attachment A) supplements and modifies ERCOT approach --

- 1. Comparable treatment
- 2. Multiple interconnection products

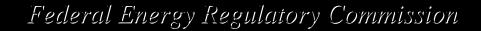
(continued)





# "Best Practices" (continued)

- 3. Exemptions
- 4. Queuing
- 5. Deposits
- 6. Generator siting
- 7. Project time lines





## Pricing

Commission's interconnection pricing policy is set forth in ANOPR Attachment B --

- 1. Direct assignment facilities
- 2. Network facilities
- 3. Credits
- 4. Time value for network upgrade costs